

Fiscal Note

Fiscal Services Division



HF 643 – Water Resources Coordinator Council Transfer (LSB 2691HV)
Analyst: Debra Kozel (Phone: 515-281-6767) (deb.kozel@legis.state.ia.us)
Fiscal Note Version – New

Description

House File 643 transfers the Water Resources Coordinating Council and other water protection programs from the Department of Natural Resources (DNR) to the Soil Conservation Division in the Department of Agriculture and Land Stewardship (DALs).

Background

The Bill transfers the following from the DNR to the Soil Conservation Division:

- The Environment First Fund appropriation of \$3.0 million for water quality monitoring.
- Federal 319 funds that will be deposited in a new Clean Water Account in the Water Quality Protection Fund. These federal funds are granted for administration of Section 319 of the federal Clean Water Act.
- Implementation of Total Maximum Daily Load (TMDL) calculations for nonpoint sources and agricultural sources. Waterbodies that do not meet state water quality standards are considered impaired as specified in Section 303(d) of the federal Clean Water Act. For each of the impaired waterbodies, a TMDL is calculated for each pollutant causing the impairment. The TMDL calculation quantifies the source(s) of the pollutant(s) and the local reduction necessary to meet the state's water quality standards.

The Bill also transfers the Water Resources Coordinating Council to the DALs from the Governor's Office.

Assumptions

- The expenditures related to the Water Coordinating Council are expected to be minimal.
- The appropriation for the Water Quality Monitoring Program is \$3.0 million and a portion of the funds are used to support 11.5 FTE positions in the DNR. The average salary and benefits is \$120,000 per year for each FTE position for an estimated expenditure of \$1.4 million. The Bill does specify the transfer of the FTE positions.
- Federal 319 funds are currently granted to the DNR and are available for expenditure over multiple years. The DNR has an additional 11.5 FTE positions funded with these funds and the average salary and benefits is also \$120,000 per year for an estimated expenditure of \$1.4 million. The Bill does not specify transfer of the FTE positions.
- Other transition costs identified by the DNR include legal expense, computer hardware purchases, website application development, technical training, and other related expenditures. The DNR estimates additional legal costs of \$175,000 for FY 2012 and \$10,000 for subsequent years for both Departments.
- The DALs does not anticipate any transition costs.

The following table summarizes federal 319 fund revenue for FY 2010 and illustrates the length of time that funds have been carried forward:

Federal Revenues to the DNR for Water Quality (Section 319)

Cost Center Name	Balance Carry Forward	Grant	Total Revenue	Expenditures	Balance
FY 2002 Grants	\$ 226,194	\$ 0	\$ 226,194	\$ 160,783	\$ 65,411
FY 2003 Grants	566,130	0	566,130	330,285	235,845
FY 2004 Grants	1,038,971	0	1,038,971	404,153	634,818
FY 2005 Grants	1,631,205	0	1,631,205	646,577	984,628
FY 2006 Grants	2,245,779	0	2,245,779	1,052,836	1,192,943
FY 2007 Grants	3,522,661	0	3,522,661	1,248,770	2,273,891
FY 2008 Grants	3,826,853	0	3,826,853	642,473	3,184,380
FY 2009 Grants	0	4,417,800	4,417,800	78,572	4,339,228
Total Cost	\$ 13,057,793	\$4,417,800	\$ 17,475,593	\$ 4,564,449	\$ 12,911,144

The following table summarizes federal 319 fund expenditures by the DNR for FY 2010:

Department of Natural Resource Expenditure of Federal Water Quality Funds

Department of Natural Resources Expenditures on Federal Water Quality Funds						
Cost Center Name	Salaries	Support	Contracts	Equipment	Indirect Cost	Total Expenditures
Water Coordination	\$ 123,882	\$ 4,085	\$ 0	\$ 0	\$ 17,381	\$ 145,348
319 Water Planning	65,847	9,395	0	1,455	9,238	85,935
319 NPS Planning 02	0	146,934	13,849	0	0	160,783
319 NPS Planning 03	0	160,026	143,057	0	0	303,083
319 NPS Planning 04	0	340,420	44,655	0	0	385,075
319 NPS Planning 05	0	518,015	33,457	0	0	551,472
319 NPS Planning 06	0	494,447	37,857	0	0	532,304
319 NPS Planning 07	10,567	225,372	251,079	0	1,483	488,501
319 NPS Planning 08	10,063	190,916	91,848	0	1,412	294,239
319 NPS Planning 09	0	78,264	308	0	0	78,572
319 TMDL Staffing	516,204	20,001	252,331	21,074	72,423	882,033
319 Program Administration	499,284	63,641	0	5,102	70,050	638,077
Total Cost	\$ 1,225,847	\$2,251,516	\$ 868,441	\$ 27,631	\$ 171,987	\$ 4,545,422

NPS = nonpoint source

For FY 2010, the DNR transferred approximately \$2.0 million of federal 319 funds to the DALs for nonpoint source (NPS) pollution projects. This amount is included in the “support” column in the table above. The following table summarizes the revenue and expenditures of the federal 319 funds transferred to the DALs by DNR for FY 2010:

FY 2010 DALs Federal 319 Funds

Resources	
Intra State Transfer	\$ 2,044,306
Reimbursement Other Agencies	230,921
Refunds	11,972
Total Resources	<u>\$ 2,287,199</u>
Expenditures	
Personal Services	\$ 652,402
Personal Travel In State	1,566
Office Supplies	34,638
Communications	829
Outside Services	687,611
Reimbursement Other Agencies	308
Water Protection Fund Practices	779,009
Other Expense	130,836
Total Expenditures	<u>\$ 2,287,199</u>

Fiscal Impact

There is no impact to the State General Fund.

The fiscal impact of HF 643 is minimal related to the transfer of the funding from DNR to DALs. However, the Bill does not specify the disposition of the FTE positions associated with these programs. A total of 23.0 FTE positions at a cost of \$2.8 million may be impacted. If the positions are transferred to the DALs, the funds transferred will be sufficient to continue funding of these positions. If the FTE positions are not transferred to the DALs, the DNR will need to identify funding for or eliminate the positions. In addition, the DNR indicates that legal fees of \$175,000 for FY 2012 and \$10,000 for each year thereafter will be required.

Sources

Department of Agriculture and Land Stewardship
Department of Natural Resources

/s/ Holly M. Lyons

March 23, 2011

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the correctional and minority impact statements were prepared pursuant to Code [Section 2.56](#). Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
